

# Q3-2023 Financial Performance

## Avianca Group International Limited

November 2023

-  Avianca successfully executed on its Business Plan during the third quarter 2023.
  - The Company reported an EBITDAR of \$363.1 million in third quarter. Excluding an extraordinary item, EBITDAR was \$342.2 million at a 26.7% margin, exceeding projections by \$63.7 million. Net Income was \$82.1 million.
  - Passenger CASK ex-fuel was \$3.9 cents for the period despite macroeconomic pressures.
  - Avianca's cash balance at the end of the quarter was \$975.6 million. The Company generated \$45 million in the quarter before considering debt repayments and some timing issues.
  - Net Debt to LTM EBITDAR was 3.3x in spite of indebtedness from incremental fleet that was not yet flying during the quarter.
  - Avianca purchased caps for more than half of its projected fuel consumption for the fourth quarter 2023.
-  Lifemiles cash EBITDA increased 3.1%, year on year. Cargo revenues decreased 28.1% relative to last year due to market softening, though above Business Plan projections.

Avianca remains committed to delivering an on-time, reliable and standardized service.



## ON TIME PERFORMANCE

**86.9%**

Q3-23

Avianca was recognized as the world's most on-time airline for August and September <sup>1</sup>.



## UTILIZATION

**11:12 H/day**

Q3-23

Our redesigned and more efficient network configuration has resulted in significantly improved aircraft utilization.



## SCHEDULE COMPLETION

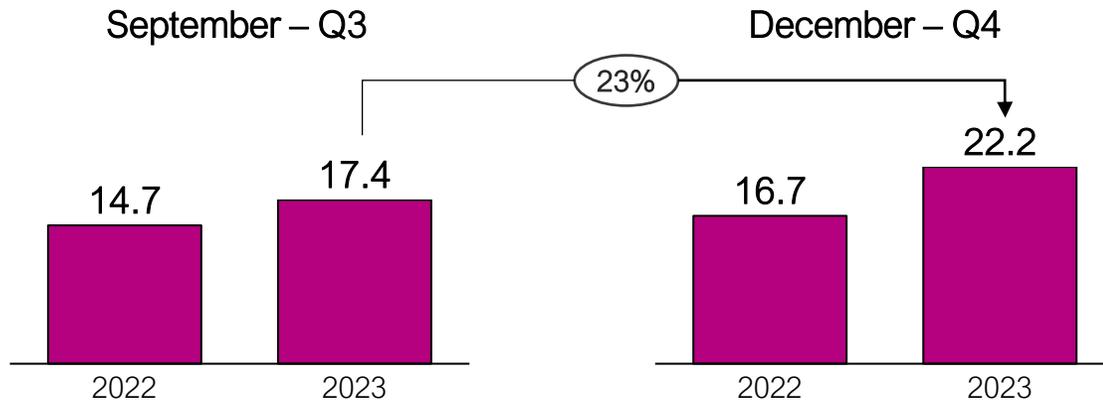
**99.4%**

Q3-23

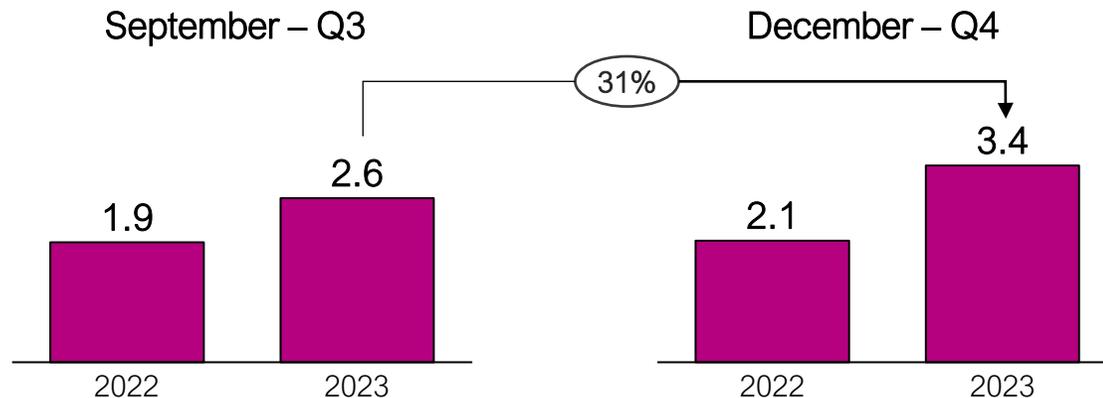
Strong schedule completion boosts Avianca's reliability and customer's satisfaction with our service.

Avianca is increasing capacity by 23% and expects a 31% demand growth during winter season. Our operation is ready to scale accordingly.

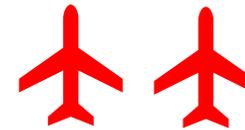
## TOTAL FLIGHTS<sup>1</sup>



## TOTAL PASSENGERS<sup>2</sup>



## OPERATIONAL READINESS



Incremental aircrafts

+17



Pilots / Copilots

+177



Cabin Crew Personnel

+334



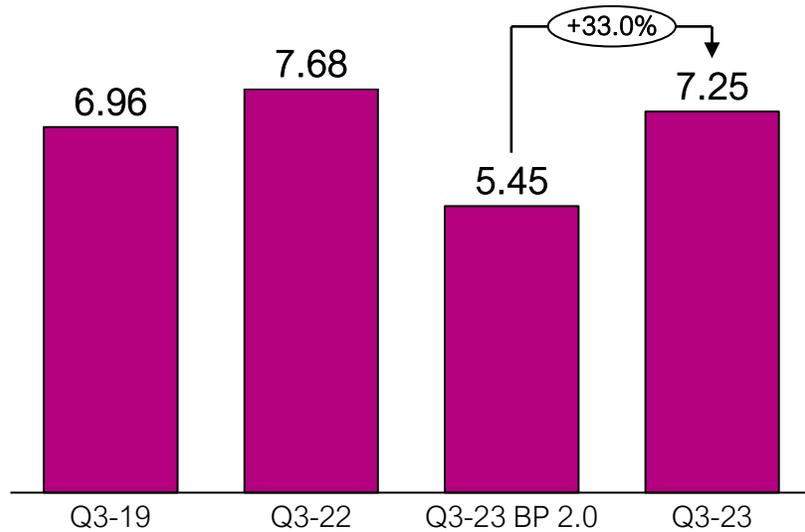
Airport Agents & Ground Handling

500

1. Figures in Thousands.  
2. Figures in Millions.

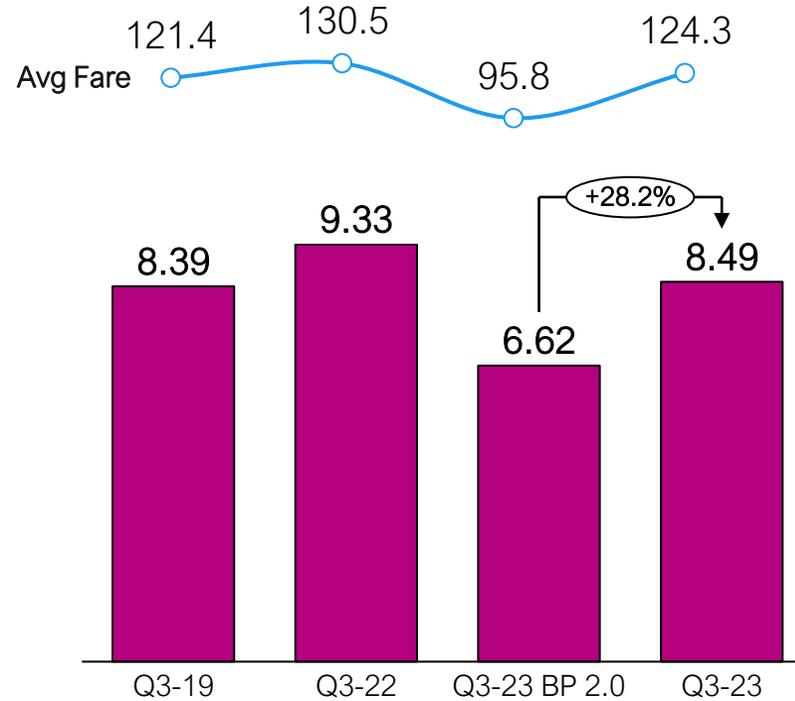
Unit revenues outperformed projections while load factor continued to strengthen, also benefitting from a seasonally robust quarter.

## PRASK



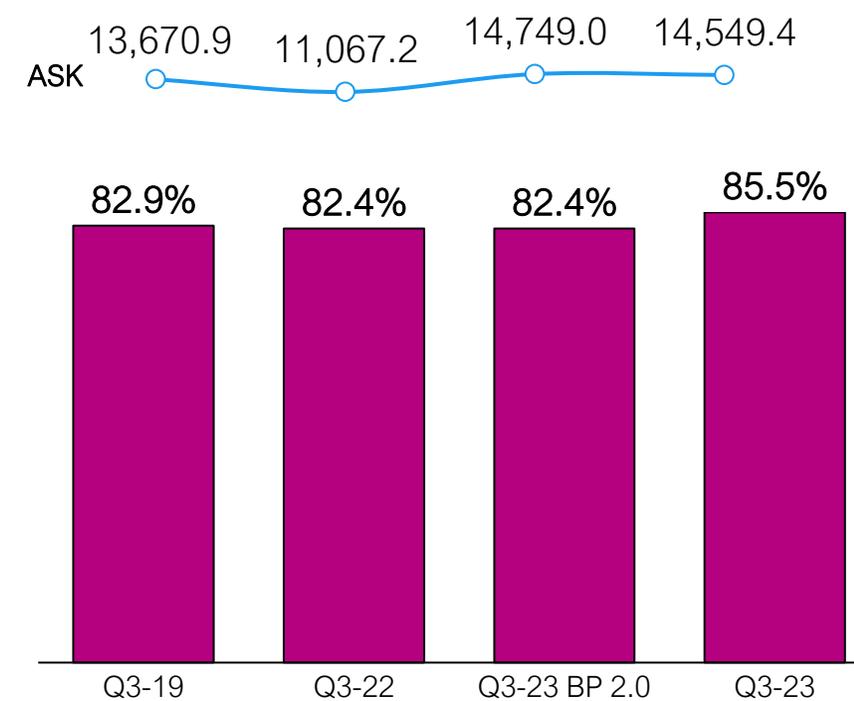
**+33.0%**  
Vs. Q3-23 BP 2.0

## YIELD



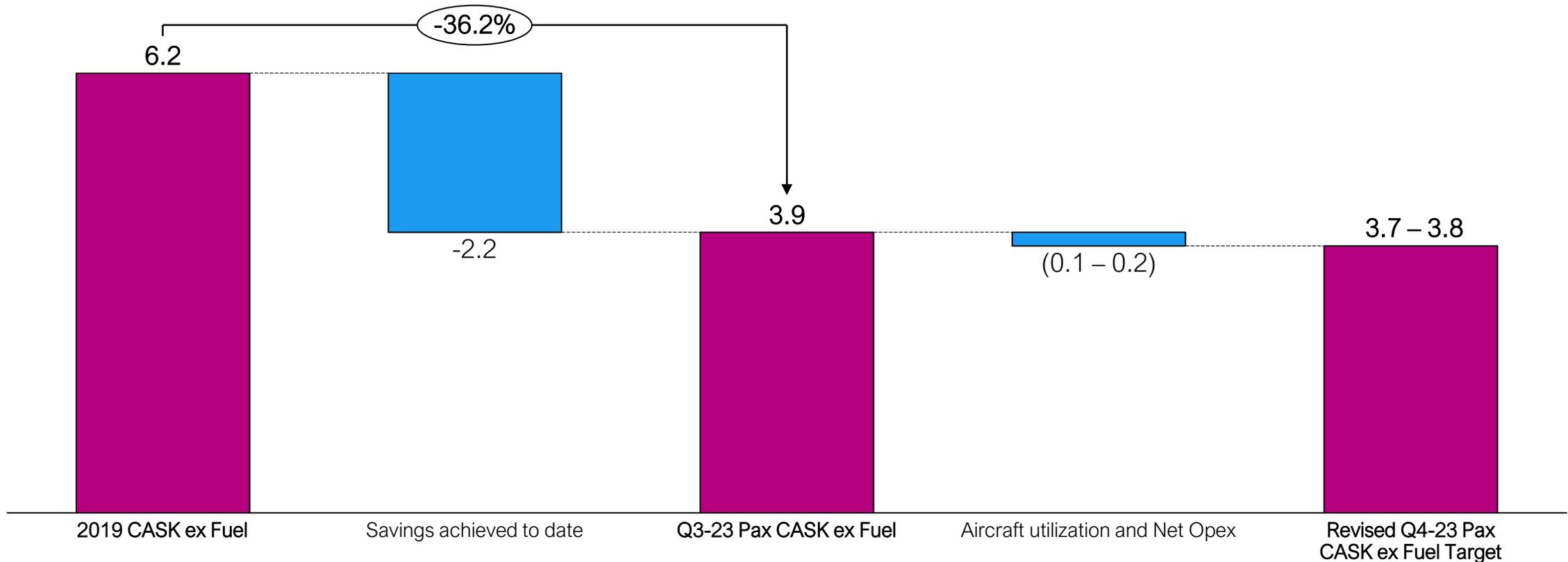
**+28.2%**  
Vs. Q3-23 BP 2.0

## LOAD FACTOR%



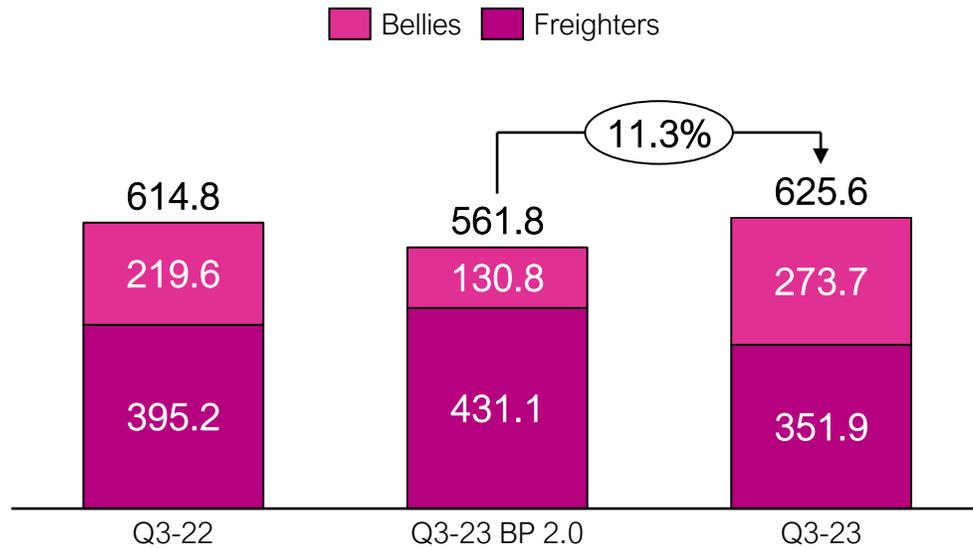
# COST STRUCTURE

Avianca maintained a Pax CASK ex-fuel of 3.9 cents for the third quarter 2023 despite macroeconomic pressures. The Group remains focused on keeping a disciplined cost control to maintain its best-in-class cost position.

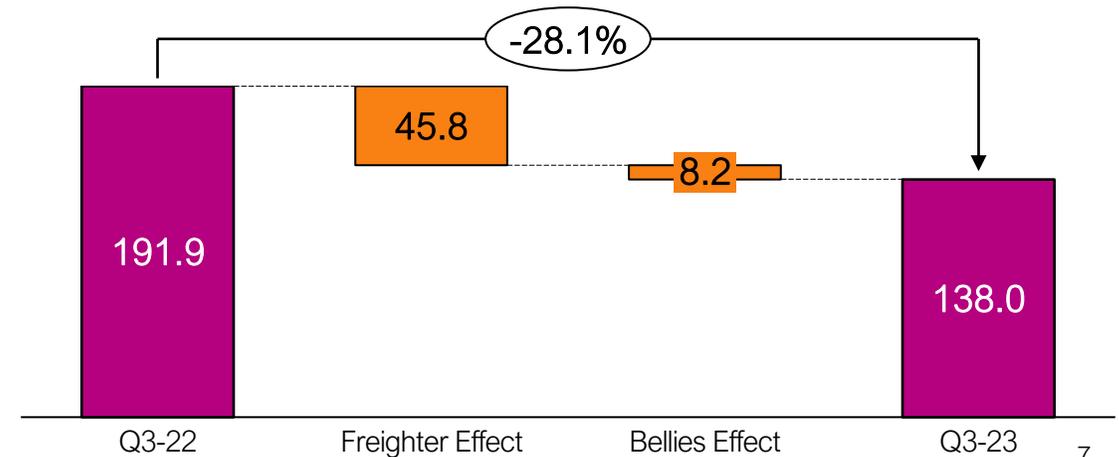
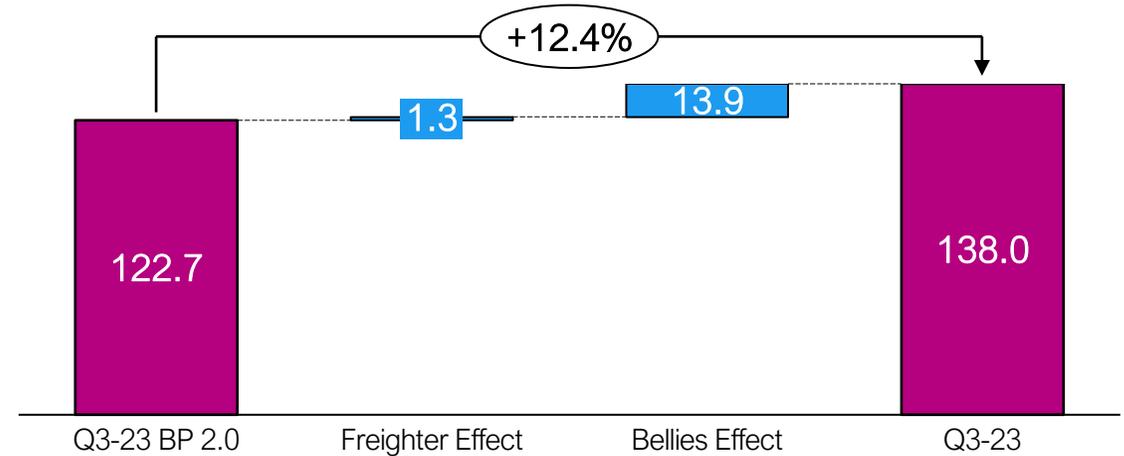


Cargo revenues decreased 28.1% relative to last year due to market softening, though above Business Plan projections.

## CAPACITY

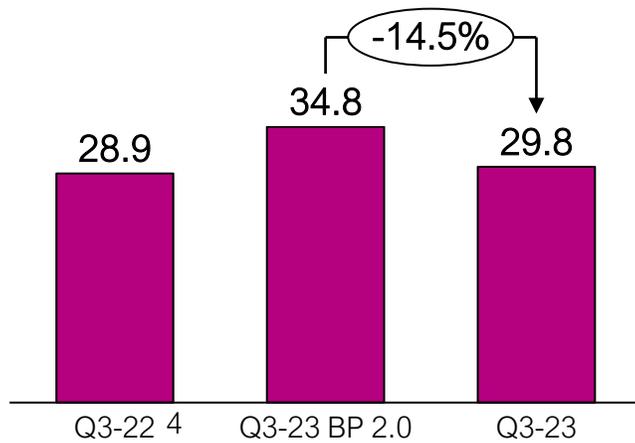


## REVENUE



Lifemiles performance improved year on year, generating a \$29.8 million Cash EBITDA contribution to the Group.

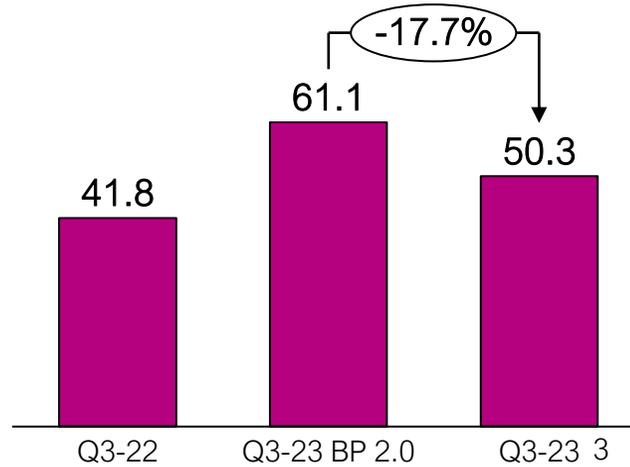
## LM CASH EBITDA TO AGIL<sup>1</sup>



**-14.5%**  
vs Q3-23 BP2.0

- Decreased third-party Gross Billings, partially offset by decreased SG&A.

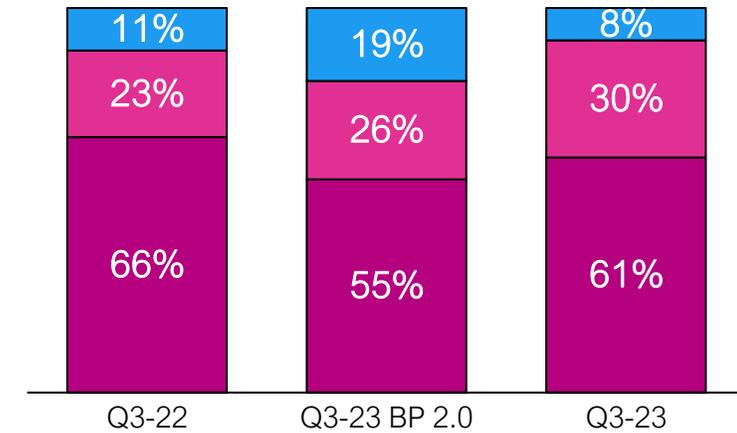
## THIRD PARTY GROSS BILLINGS<sup>2</sup>



**-17.7%**  
vs Q3-23 BP2.0

- Gross Billings impacted by lower member direct sales, COP/USD depreciation and the closure of digital coalition.

## REDEMPTION



- Miles redeemed in Air Partners (non-competing routes) have increased significantly relative to last year and Business Plan due to increased miles sales in North America.

1. Net of intercompany transactions. Figures in millions.

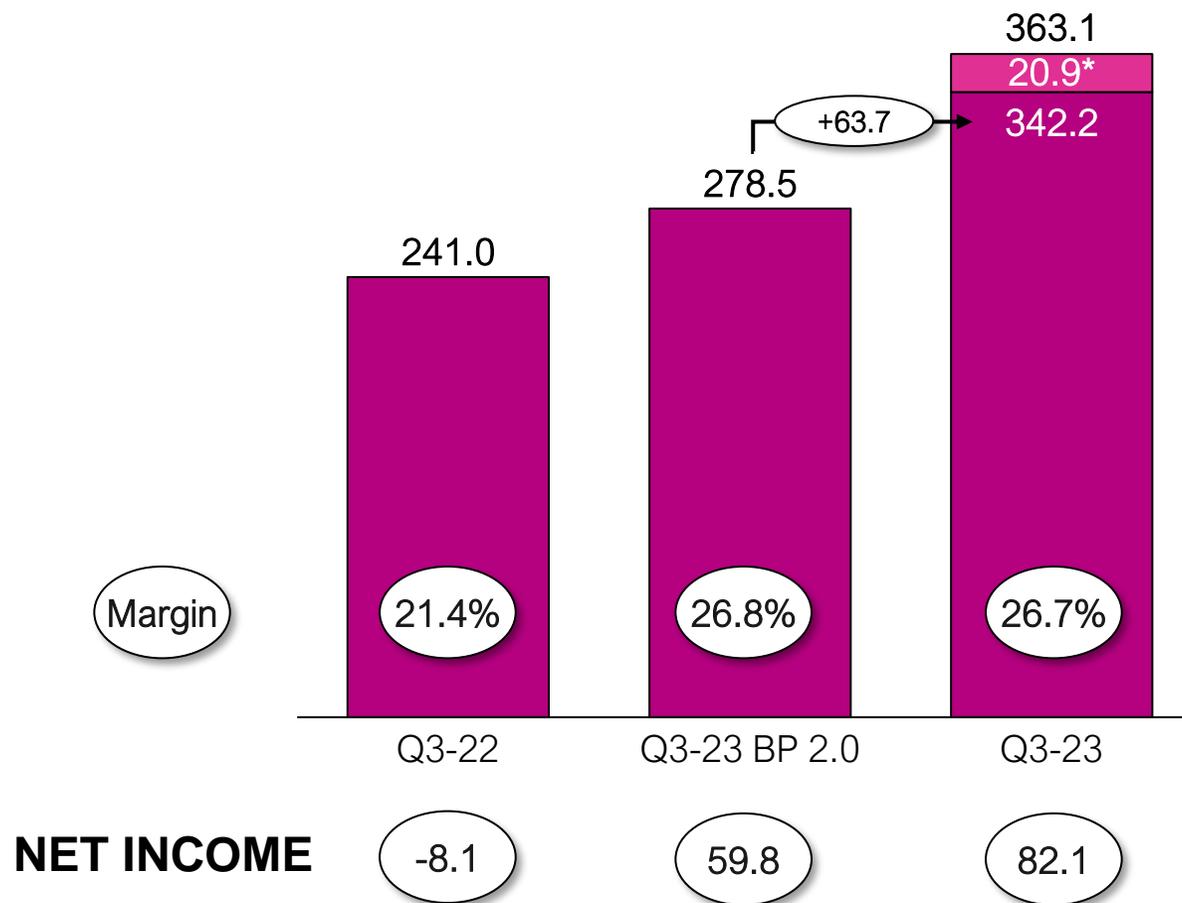
2. Business Plan Gross Billings excludes Digital Coalition Gross Billings where LifeMiles acts as agent (i.e. Merchandise Value). Figures in millions.

3. Impacted by COP devaluation: Average COP/USD of ~ 4,064 vs 3,500 in Business Plan.

4. Q3-22 includes one time refund of over paid VAT on redemption tickets in Avianca (\$4M). Excluding this one timer Q3-23 vs Q3-22 growth is +20.2%.

The Company's new business model drove strengthened financial results during the third quarter, reflected in a \$64 million EBITDAR increase compared to Business Plan.

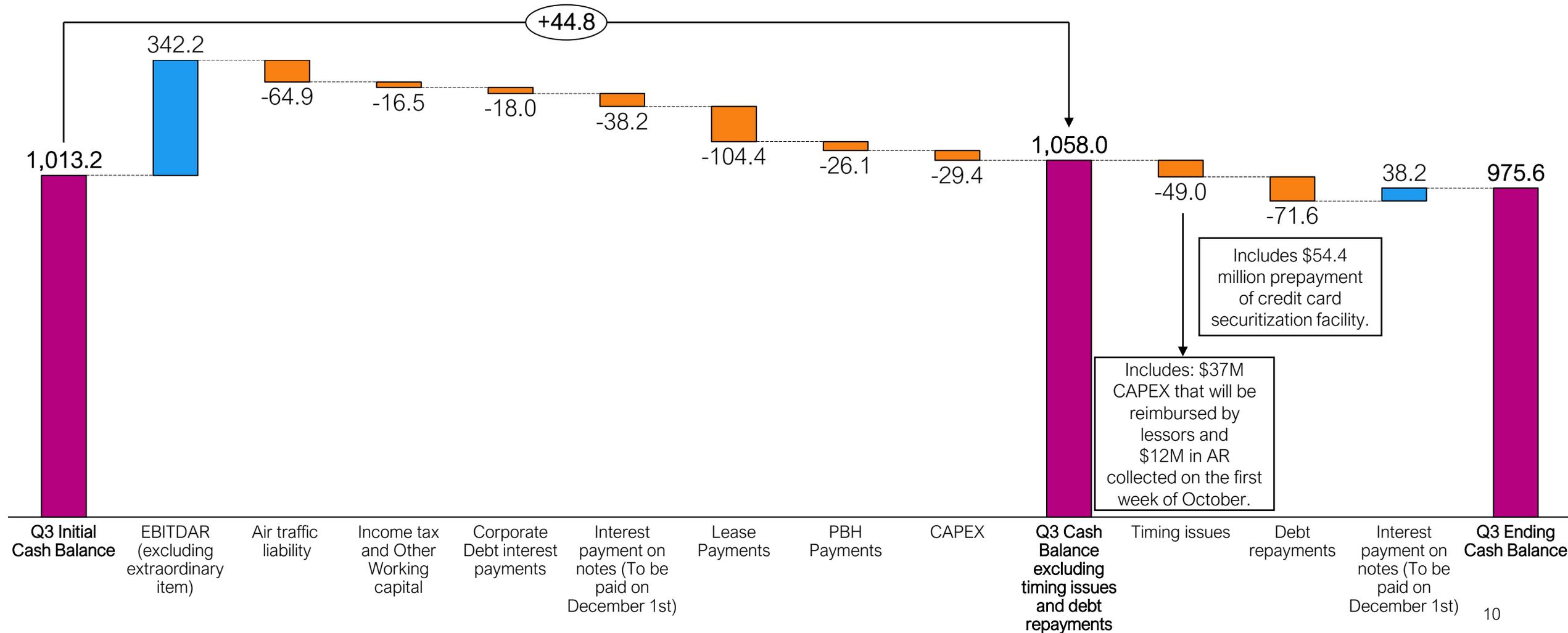
## EBITDAR



# CASH FLOW



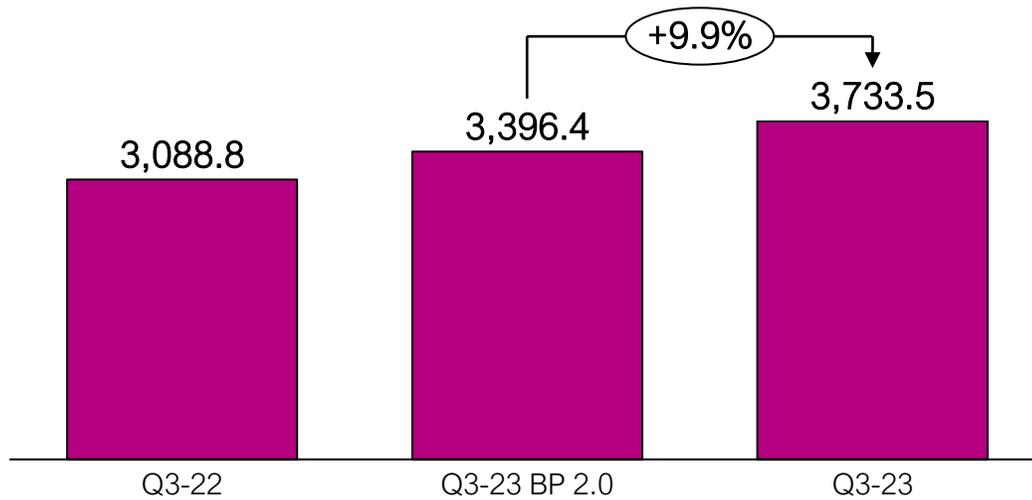
Avianca's cash balance at the end of the quarter was \$975.6 million. The Company generated \$45 million in the quarter before considering debt repayments and some timing issues.



Figures in millions.

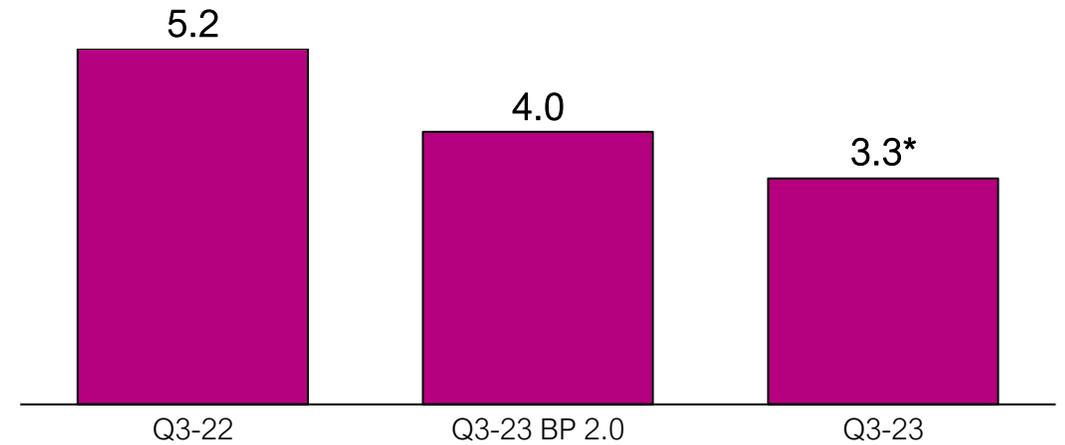
Net Debt to LTM EBITDAR was 3.3x in spite of indebtedness from incremental fleet that was not yet flying during the quarter.

## NET DEBT



**+9.9%**  
vs Q3-23 BP2.0

## NET DEBT/LTM EBITDAR



\* Excluding an extraordinary item of \$20.9 million.  
Third quarter 2023 net debt includes \$362.2 million related to additional aircraft for which leases have been signed but are not yet flying.  
BP 2.0: Business Plan projections.  
Figures in millions.  
Includes Debt and IFRS-16 lease liability.

**avianca** 

# Q3-2023 Financial Performance I Appendix

# Q3-23 P&L



	Q3-22	Q3-23	Var.
Passenger	670.7	811.5	140.8
Ancillary Revenue	179.8	243.9	64.1
Cargo and Courier	204.9	155.3	-49.6
Loyalty Revenue	64.4	61.7	-2.7
Other Revenue	8.9	9.1	0.2
<b>Total Operating Revenue</b>	<b>1,128.6</b>	<b>1,281.5</b>	<b>152.9</b>
Aircraft Fuel	393.3	367.1	-26.2
Air Traffic	45.0	59.7	14.7
Flight Operations	18.8	24.1	5.3
Ground Operations	100.7	124.3	23.6
Maintenance And Repairs	49.1	45.6	-3.5
Passenger Services	25.1	25.2	0.1
Salaries, Wages And Benefits	101.6	143.0	41.4
Selling Expenses	84.7	90.8	6.1
Fees and Other Expenses	69.3	59.3	-10.0
Extraordinary item	0.0	-20.9	-20.9
<b>Total Operating Expense (Excluding D&amp;A and aircraft rentals)</b>	<b>887.6</b>	<b>918.4</b>	<b>30.8</b>
<b>EBITDAR</b>	<b>241.0</b>	<b>363.1</b>	<b>122.1</b>
Aircraft Rentals	41.6	26.1	-15.5
Depreciation, Amortization and Impairment	104.9	124.8	19.9
<b>Total Operating Expense</b>	<b>1,034.1</b>	<b>1,069.3</b>	<b>35.2</b>
<b>EBIT</b>	<b>94.4</b>	<b>212.2</b>	<b>117.8</b>
Interest Net	102.4	125.5	23.1
Foreing Exchange Net	3.5	6.4	2.9
<b>Loss Before Taxes</b>	<b>-11.5</b>	<b>80.3</b>	<b>91.8</b>
Income tax expense-current	-1.4	-1.2	0.2
<b>Net Loss from continuing operations</b>	<b>-10.1</b>	<b>81.6</b>	<b>91.7</b>
Profit/Loss from discontinuing operations	2.0	0.5	-1.5
<b>Net Loss</b>	<b>-8.1</b>	<b>82.1</b>	<b>90.2</b>

PAX SEGMENT	Q3-22	Q3-23	Var
Departures	48,766	54,586	11.9%
Block Hours	107,295	127,843	19.2%
ASKs (M)	11,067	14,549	31.5%
RPKs (M)	9,118	12,433	36.4%
Passengers (K)	6,516	8,490	30.3%
Load Factor	82.40%	85.50%	3.1 p.p.
Yield <sup>1</sup>	9.3	8.5	-9.0%
Average Fare <sup>1</sup>	130.5	124.3	-4.8%
PRASK <sup>1</sup>	7.7	7.3	-5.6%
PAX CASK <sup>2</sup>	7.5	6.2	-17.2%
PAX CASK ex Fuel <sup>2</sup>	4.4	3.9	-11.1%

1. Unit metrics includes passenger "flown" revenue, expired tickets and ancillary revenue.  
2. Unit metrics exclude costs related to freighter operation, loyalty and other non-passenger operations.  
Figures in millions.

# Q3-23 CASH FLOW

	Q3-22	Q3-23	Var
<b>EBITDAR (excluding extraordinary items)</b>	<b>241.0</b>	<b>342.2</b>	<b>101.2</b>
Income tax paid	-12.9	-13.7	-0.8
Working capital (net)	-77.1	-79.7	-2.6
<b>Net Cash Flows Provided by Operations <sup>A</sup></b>	<b>151.0</b>	<b>248.8</b>	<b>97.8</b>
CAPEX	-85.8	-67.2	18.6
Other Cash Flows provided by Investing	-10.0	0.9	10.9
<b>Net Cash Flows Provided by Investing <sup>B</sup></b>	<b>-95.8</b>	<b>-66.3</b>	<b>29.5</b>
Corporate Debt	-32.2	-89.6	-57.4
Aircraft Fixed rentals payments	-59.9	-104.4	-44.5
Aircraft PBH payments	-41.6	-26.1	15.5
<b>Net Cash Flows Used in Financing Activities <sup>C</sup></b>	<b>-133.7</b>	<b>-220.1</b>	<b>-86.4</b>
<b>Total Net Cash Flow</b>	<b>-78.6</b>	<b>-37.6</b>	<b>41.0</b>
Starting Cash Balance (consolidated AGIL)	904.3	1,013.2	108.9
<b>Ending Cash Balance (consolidated AGIL)</b>	<b>825.8</b>	<b>975.6</b>	<b>149.9</b>

<sup>A</sup> Includes:

- \$64.9 million of Air Traffic Liability.
- \$16.5 million of Income Tax Paid and Other Working Capital.
- \$12 million of Account Receivables collected on the first week of October.

<sup>B</sup> Includes:

- \$29.4 million of net CAPEX payments.
- \$37 million of CAPEX to be reimbursed in future periods.

<sup>C</sup> Includes:

- \$18 million of Corporate debt interest payment
- \$71.6 million of debt repayment.

1. The difference with financial statements is that this Cash flow statement starts from EBITDAR and Aircraft rentals (PBH payments) are included in cash flows provided by financing activities, while Cash flow from financial statements starts from Net Income and Aircraft rentals (PBH payments) are included in cash flows provided by operations.

2. Total liquidity of \$975.6M includes Cash, Restricted Cash and Short-Term Investments.

Figures in millions.

# Q3-23 BALANCE SHEET



	Q2-23	Q3-23
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	816.0	731.2
Short-term investments	197.2	244.4
Trade and other receivables net of expected credit losses	238.2	251.0
Accounts receivable from related parties	0.1	1.5
Current tax assets	194.7	228.1
Defined benefit assets, net	33.3	3.2
Expendable spare parts and supplies	97.1	97.3
Prepayments	13.7	9.7
Deposits and other assets	48.8	34.2
Assets held for sale	15.9	12.1
<b>Total current assets</b>	<b>1,655.1</b>	<b>1,612.6</b>
<b>Non-current assets:</b>		
Deposits and other assets	103.3	125.7
Accounts receivable from related parties	107.8	110.2
Intangible assets and goodwill, net	2,863.0	2,849.1
Deferred tax assets	29.7	41.4
Property and equipment, net	3,071.0	3,620.2
<b>Total non-current assets</b>	<b>6,174.7</b>	<b>6,746.7</b>
<b>Total Assets</b>	<b>7,829.9</b>	<b>8,359.3</b>

	Q2-23	Q3-23
<b>Liabilities and equity</b>		
<b>Current liabilities:</b>		
Short-term borrowings and current portion of long-term debt	361.5	348.2
Accounts payable	463.9	484.1
Accounts payable to related parties	0.0	0.2
Accrued expenses	63.8	64.3
Current tax liabilities	15.4	37.8
Provisions for legal claims	42.3	39.0
Provisions for return conditions	7.6	7.8
Employee benefits	73.6	93.4
Air traffic liability	757.7	692.7
Frequent flyer deferred revenue	157.1	157.6
Other liabilities	0.3	0.0
<b>Total current liabilities</b>	<b>1,943.3</b>	<b>1,925.2</b>
<b>Non-current liabilities:</b>		
Long-term debt	3,951.7	4,361.0
Provisions for return conditions	639.1	740.0
Employee benefits	57.5	60.4
Deferred tax liabilities	149.3	144.8
Frequent flyer deferred revenue	276.3	274.7
Other liabilities	0.1	0.0
<b>Total non-current liabilities</b>	<b>5,074.0</b>	<b>5,581.0</b>
<b>Total liabilities</b>	<b>7,017.3</b>	<b>7,506.3</b>
<b>Equity</b>		
Common shares	0.0	0.0
Share premium	1,146.0	1,146.0
Accumulated losses	-335.1	-254.1
Other comprehensive income	-14.9	-56.7
Non-controlling interest (NCI)	16.6	17.9
<b>Total equity</b>	<b>812.6</b>	<b>853.0</b>
<b>Total liabilities and equity</b>	<b>7,829.9</b>	<b>8,359.3</b>

# Q3-23 PAX CASK EX-FUEL RECONCILIATION

	Q3-23
<b>AGIL Total operational cost (excluding fuel)</b>	<b>702.2</b>
One time adjustment	20.9
Freighters segment business cost	-74.0
IFRS 3 trademark and customer relations intangible amortization and corporate cost allocation	-13.0
Latin Logistics and AV courier expense	-12.7
IFRS 3 trademark and customer relations intangible amortization	-1.6
<b>Total Cargo and Courier</b>	<b>-101.3</b>
Lifemiles Co. cost of rewards and SG&A costs	-37.3
VIP Lounges, Star Alliance cost and Elite benefit	-6.2
IFRS 3 trademark and customer relations intangible amortization	-4.8
<b>Total Lifemiles</b>	<b>-48.3</b>
<b>Passenger operational cost (excluding fuel)</b>	<b>573.5</b>
ASKs	14,549.4
<b>Pax CASK ex Fuel</b>	<b>3.9</b>